

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 452/GT/2020**

**Coram:**

**Shri P.K. Pujari, Chairperson  
Shri I.S. Jha, Member  
Shri Arun Goyal, Member  
Shri Pravas Kumar Singh, Member**

**Date of Order: 29<sup>th</sup> May, 2022**

**In the matter of:**

Petition for revision of tariff of Sipat Super Thermal Power Station Stage-II (1000 MW) for the period from 1.4.2014 to 31.3.2019, after truing up exercise.

**And**

**In the matter of**

NTPC Limited,  
NTPC Bhawan, Core-7,  
Core-7, Scope Complex,  
7, Institutional Area, Lodhi Road,  
New Delhi – 110003

....**Petitioner**

**Vs**

1. Madhya Pradesh Power Management Company Limited,  
Shakti Bhawan, Vidyut Nagar,  
Jabalpur – 482 008
2. Maharashtra State Electricity Distribution Company Limited,  
Prakashgad, Bandra (East),  
Mumbai – 400 051
3. Gujarat Urja Vikas Nigam Limited,  
2<sup>nd</sup> Floor, Sardar Patel Vidyut Bhawan, Race Course,  
Vadodara – 390 007
4. Chhattisgarh State Power Distribution Company Limited,  
Vidyut Sewa Bhawan, Dagania,  
Raipur – 492 001
5. Electricity Department,  
Government of Goa, Vidyut Bhawan,  
Panaji, Goa – 403 001



6. DNH Power Distribution Corporation Limited,  
UT of DNH, Silvassa – 396 230
7. Electricity Department,  
Administration of Daman & Diu,  
Daman – 396 210

.... Respondents

**Parties Present:**

Ms. Swapna Seshadri, Advocate, NTPC  
Shri Anand K. Ganesan, Advocate, NTPC  
Ms. Ritu Apurva, Advocate, NTPC  
Shri Jai Dhanani, Advocate, NTPC  
Shri Arvind Banerjee, CSPDCL  
Shri Anurag Naik, MPPMCL

**ORDER**

This petition has been filed by the Petitioner, NTPC Limited for truing up of tariff of Sipat Super Thermal Power Station, Stage-II (2 x 500 MW) (hereinafter referred to as 'the generating station') for the period from 1.4.2014 to 31.3.2019, in accordance with Regulation 8 of the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014 (hereinafter referred to as 'the 2014 Tariff Regulations').

2. The generating station with a capacity of 1000 MW comprises of two units of 500 MW each. The dates of commercial operation of the different units of the generating station are as under:

	<b>COD</b>
Unit-I	20.6.2008
Unit-II/Generating Station	1.1.2009

3. The Commission vide its order dated 21.3.2017 in Petition No. 322/GT/2014 had approved the tariff of the generating station for the 2014-19 tariff period and the same was subsequently revised vide order dated 15.12.2017 in Review Petition No.



28/RP/2017 in Petition No. 322/GT/2014. Accordingly, the annual fixed charges and the capital cost allowed vide order dated 15.12.2017 is as under:

### Annual Fixed Charges allowed

	(Rs. in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	21860.49	21886.28	21886.28	21926.85	21967.43
Interest on Loan	14867.38	13358.26	12231.18	10697.77	8814.50
Return on Equity	25356.43	25509.32	25509.32	25556.62	25603.91
Interest on Working Capital	5915.16	5958.36	5993.75	6108.88	6142.76
O&M Expenses	20391.28	21495.91	22565.91	23705.91	24915.91
<b>Total</b>	<b>88390.73</b>	<b>88208.13</b>	<b>88186.44</b>	<b>87996.03</b>	<b>87444.50</b>

### Capital Cost allowed

	(Rs. in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening capital cost	430503.32	431520.32	431520.32	431520.32	433120.32
Add: Projected additional capital expenditure	1017.00	0.00	0.00	1600.00	0.00
<b>Closing capital cost</b>	<b>431520.32</b>	<b>431520.32</b>	<b>431520.32</b>	<b>433120.32</b>	<b>433120.32</b>
Average capital cost	431011.82	431520.32	431520.32	432320.32	433120.32

### Present Petition

4. Regulation 8(1) of the 2014 Tariff Regulations provides as under:

*“8. Truing up*

*(1) The Commission shall carry out truing up exercise along with the tariff petition filed for the next tariff period, with respect to the capital expenditure including additional capital expenditure incurred up to 31.3.2019, as admitted by the Commission after prudence check at the time of truing up:*

*Provided that the generating company or the transmission licensee, as the case may be, shall make an application for interim truing up of capital expenditure including additional capital expenditure in FY 2016-17.”*

5. In terms of above regulations, the Petitioner, in the present petition, has claimed the following annual fixed charges and capital cost:

### Capital Cost claimed

	(Rs. in lakh)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Opening capital cost	430503.32	431728.32	432884.99	432943.91	433050.41
Add: Addition during the year	935.62	265.08	139.34	98.93	92.01
Less: De-capitalization during the year	44.42	36.35	115.42	262.20	245.47
Less: Reversal during the year	0.00	0.00	0.00	0.00	0.00
Add: Discharges during the year	333.80	927.94	35.00	269.77	267.78
<b>Closing capital cost</b>	<b>431728.32</b>	<b>432884.99</b>	<b>432943.91</b>	<b>433050.41</b>	<b>433164.73</b>
Average capital cost	431115.82	432306.66	432914.45	432997.16	433107.57



## Annual Fixed Charges claimed

(Rs. in lakh)

	2014-15	2015-16	2016-17	2017-18	2018-19
Depreciation	22374.91	22100.67	22133.47	22133.82	22133.53
Interest on Loan	15004.10	12934.37	11249.03	8964.20	7373.57
Return on Equity	25363.84	25555.81	25591.74	25596.63	25672.02
Interest on Working Capital	6602.67	6637.63	6750.88	6954.36	6885.29
O&M Expenses	20645.89	21875.51	22839.09	24458.52	24497.11
<b>Sub-total</b>	<b>89991.42</b>	<b>89103.98</b>	<b>88564.22</b>	<b>88107.53</b>	<b>86561.52</b>
Impact of Pay Revision *	0.00	30.00	1017.00	1238.00	1629.00
Impact of GST	0.00	0.00	0.00	148.00	206.00
Ash Transportation Expenditure	0.00	0.00	0.00	0.00	# 160.00
Water Charges for period prior to 2016	0.00	0.00	570.33	1197.68	0.00
Total Additional O&M Expenditure	0.00	30.00	1587.33	2583.68	1995.00
<b>Total</b>	<b>89991.42</b>	<b>89133.98</b>	<b>90151.55</b>	<b>90691.21</b>	<b>88556.52</b>

\* Subsequently, the Petitioner vide affidavit dated 4.6.2021 furnished the exact values up to two place decimals as Rs.30.20 lakh in 2015-16, Rs.1016.64 lakh in 2016-17, Rs.1237.76 lakh in 2017-18 and Rs.1628.79 lakh in 2018-19. The same has been considered as the Petitioner's claim.

# Actual value up to two place decimals is Rs.159.52 lakh.

6. The Respondent, MPPMCL and Respondent CSPDCL have filed their replies vide affidavits dated 14.8.2020 respectively and the Petitioner vide affidavits dated 27.5.2021 has filed its rejoinder to the said replies. The Respondent, MSEDCL vide affidavit dated 17.8.2020 has filed its reply and the Petitioner vide affidavit dated 27.5.2021 has filed its rejoinder to the said reply. The Commission vide ROP of the hearing dated 11.6.2021 directed the Petitioner to file certain additional information. This Petition, along with Petition No.435/GT/2020 (tariff of the generating station for 2019-24 tariff period) was subsequently heard through video conferencing on 30.11.2021 and the Commission, after directing the Petitioner to file additional information on 'the percentage of fly ash utilization during the 2014-19 tariff period', reserved its order in these petitions. The Petitioner in compliance to the ROP dated 11.6.2021, has submitted the additional information vide affidavit dated 2.7.2021. The



Petitioner has also submitted the detailed note of the argument made during the hearing dated 30.11.2021. The Petitioner vide affidavit dated 15.12.2021 has submitted the additional information as regards fly ash utilization. Based on the submissions of the parties and the documents available on record and on prudence check, we proceed to true-up the tariff of the generating station for the 2014-19 tariff period, in this Petition, as stated in the subsequent paragraphs.

### **Capital Cost**

7. Regulation 9(1) of the 2014 Tariff Regulations provides that the capital cost as determined by the Commission after prudence check, in accordance with this regulation, shall form the basis of determination of tariff for existing and new projects.

Regulation 9(3) of the 2014 Tariff Regulations provides as under:

*“(3) The Capital cost of an existing project shall include the following:*

- (a) the capital cost admitted by the Commission prior to 1.4.2014 duly trued up by excluding liability, if any, as on 1.4.2014;*
- (b) additional capitalization and de-capitalization for the respective year of tariff as determined in accordance with Regulations 14;*
- (c) expenditure on account of renovation and modernization as admitted by this Commission in accordance with Regulation 15.”*

8. The Commission vide order dated 21.3.2017 in Petition No. 322/GT/2014 revised vide order dated 15.12.2017 in 28/RP/2017 in Petition No. 322/GT/2014 had approved the annual fixed charges of the generating station for the 2014-19 tariff period considering the opening capital cost of Rs.430503.32 lakh (on cash basis, after removal of un-discharged liabilities of Rs.4255.86 lakh) as on 1.4.2014. Accordingly, in terms of Regulation 9(3) of the 2014 Tariff Regulations, the capital cost of Rs.430503.32 lakh has been considered as opening capital cost as on 1.4.2014.

9. Regulation 14 of the 2014 Tariff Regulations, provides as under:



*“14. Additional Capitalization and De-capitalization:*

*(1) The capital expenditure in respect of the new project or an existing project incurred or projected to be incurred, on the following counts within the original scope of work, after the date of commercial operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:*

*(i) Un-discharged liabilities recognized to be payable at a future date;*

*(ii) Works deferred for execution;*

*(iii) Procurement of initial capital spares within the original scope of work, in accordance with the provisions of Regulation 13;*

*(iv) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law; and*

*(v) Change in law or compliance of any existing law:*

*Provided that the details of works asset wise/work wise included in the original scope of work along with estimates of expenditure, liabilities recognized to be payable at a future date and the works deferred for execution shall be submitted along with the application for determination of tariff.”*

*(2) The capital expenditure incurred or projected to be incurred in respect of the new project on the following counts within the original scope of work after the cut-off date may be admitted by the Commission, subject to prudence check:*

*(i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;*

*(ii) Change in law or compliance of any existing law;*

*(iii) Deferred works relating to ash pond or ash handling system in the original scope of work; and*

*(iv) Any liability for works executed prior to the cut-off date, after prudence check of the details of such un-discharged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.*

*(3) The capital expenditure, in respect of existing generating station or the transmission system including communication system, incurred or projected to be incurred on the following counts after the cut-off date, may be admitted by the Commission, subject to prudence check:*

*(i) Liabilities to meet award of arbitration or for compliance of the order or decree of a court of law;*

*(ii) Change in law or compliance of any existing law;*

*(iii) Any expenses to be incurred on account of need for higher security and safety of the plant as advised or directed by appropriate Government Agencies of statutory authorities responsible for national security/internal security;*

*(iv) Deferred works relating to ash pond or ash handling system in the original scope of work;*

*(v) Any liability for works executed prior to the cut-off date, after prudence check of the details of such un-discharged liability, total estimated cost of package, reasons for such withholding of payment and release of such payments etc.;*

*(vi) Any liability for works admitted by the Commission after the cut-off date to the extent of discharge of such liabilities by actual payments;*

*(vii) Any additional capital expenditure which has become necessary for efficient operation of generating station other than coal /lignite based stations or transmission system as the case may be. The claim shall be substantiated with the technical justification duly supported by the documentary evidence like test results carried out*



by an independent agency in case of deterioration of assets, report of an independent agency in case of damage caused by natural calamities, obsolescence of technology, up-gradation of capacity for the technical reason such as increase in fault level;

(viii) In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) and due to geological reasons after adjusting the proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation;

(ix) In case of transmission system, any additional expenditure on items such as relays, control and instrumentation, computer system, power line carrier communication, DC batteries, replacement due to obsolescence of technology, replacement of switchyard equipment due to increase of fault level, tower strengthening, communication equipment, emergency restoration system, insulators cleaning infrastructure, replacement of porcelain insulator with polymer insulators, replacement of damaged equipment not covered by insurance and any other expenditure which has become necessary for successful and efficient operation of transmission system; and

(x) Any capital expenditure found justified after prudence check necessitated on account of modifications required or done in fuel receiving system arising due to non-materialization of coal supply corresponding to full coal linkage in respect of thermal generating station as result of circumstances not within the control of the generating station:

Provided that any expenditure on acquiring the minor items or the assets including tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, computers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalization for determination of tariff w.e.f. 1.4.2014:

Provided further that any capital expenditure other than that of the nature specified above in (i) to (iv) in case of coal/lignite based station shall be met out of compensation allowance:

Provided also that if any expenditure has been claimed under Renovation and Modernization (R&M), repairs and maintenance under (O&M) expenses and Compensation Allowance, same expenditure cannot be claimed under this regulation.”

10. The Commission vide its order dated 21.3.2017 in Petition No. 322/GT/2014 had allowed the following projected additional capital expenditure under Regulation 14(3)(iv) of the 2014 Tariff Regulations as under:

	<b>(Rs. in lakh)</b>					
	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>Total</b>
1 <sup>st</sup> raising of Ash Dyke	1017.00	0.00	0.00	0.00	0.00	1017.00
2 <sup>nd</sup> raising of Ash Dyke	0.00	0.00	0.00	1600.00	0.00	1600.00
<b>Total projected additional capital expenditure allowed</b>	<b>1017.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1600.00</b>	<b>0.00</b>	<b>2617.00</b>



11. The additional capital expenditure claimed by the Petitioner, duly supported by auditor certificate, is as under:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Closing Gross Block as per audited books	1410954.33	1443035.73	*1161027.25	*1169438.51	*1179607.83
Less: Opening Gross Block as per audited books	1380948.98	1410954.33	*1151899.48	*1161027.25	*1169438.51
Additional capital expenditure as per audited books	30005.35	32081.40	*9127.77	*8411.27	*10169.32
Less: Additional capital expenditure pertaining to other Stages	26357.45	26850.12	6608.20	7259.90	9212.85
Additional capital expenditure for the generating station	3647.90	5231.28	2519.57	1151.36	956.47
Add: IND AS Adjustment	0.00	0.00	(-) 1506.31	(-) 367.92	(-) 757.49
Additional capital expenditure as per IGAAP for the generating station	3647.90	5231.28	1013.25	783.44	198.98
Less: Exclusions	2676.45	5001.28	982.92	898.26	352.44
Additional capital expenditure claimed for the generating station (on accrual basis)	971.45	230.00	30.33	(-) 114.82	(-)153.46
Less: Un-discharged liabilities included in above	80.25	1.26	6.41	48.46	0.00
<b>Net additional capital expenditure claimed for the generating station (on cash basis)</b>	<b>891.20</b>	<b>228.73</b>	<b>23.92</b>	<b>(-) 163.27</b>	<b>(-)153.46</b>





Add: Discharge of liabilities	333.80	927.94	35.00	269.77	267.78
<b>Net additional capital expenditure claimed including discharges (on cash basis)</b>	<b>1225.00</b>	<b>1156.68</b>	<b>58.92</b>	<b>106.50</b>	<b>114.32</b>

\* As per IND-AS

## Exclusions

12. The summary of exclusions from books of accounts, claimed, on accrual basis, for the 2014-19 tariff period is as under:

	<i>(Rs. in lakh)</i>				
	2014-15	2015-16	2016-17	2017-18	2018-19
Capital spares	2291.56	1650.36	1237.76	425.94	483.19
De-capitalization of spares (not part of capital cost)	(-) 210.19	(-) 343.34	0.00	0.00	0.00
Loan FERV	2140.27	4185.16	(-) 33.44	(-) 46.81	0.00
Inter-unit transfer of assets	(-) 976.73	0.00	(-) 3.73	831.04	0.00
Plant and Machinery	69.04	0.00	0.00	0.00	0.00
Capitalization of Miscellaneous Bought Out Assets (MBOA)	0.00	3.23	0.00	0.71	0.00
De-capitalization of MBOA's (part of capital cost)	(-) 60.20	(-) 53.21	(-) 56.24	(-) 91.72	(-) 75.49
De-capitalization of Wagons (part of capital cost)	0.00	0.00	0.00	(-) 208.47	0.00
Reversal of liabilities	(-) 577.30	(-) 440.92	(-) 161.44	(-) 12.44	(-) 55.26
<b>Total Exclusions claimed</b>	<b>2676.45</b>	<b>5001.28</b>	<b>982.92</b>	<b>898.26</b>	<b>352.44</b>

13. We examine the exclusions claimed by the Petitioner in the subsequent paragraphs.

### *(a) Capitalization of capital spares*

14. The Petitioner has claimed exclusion of capital spares of Rs.2291.56 lakh in 2014-15, Rs.1650.36 lakh in 2015-16, Rs.1237.76 lakh in 2016-17, Rs.425.94 lakh in 2017-18 and Rs.483.19 lakh in 2018-19. In justification the Petitioner has submitted that capital spares capitalized after cut-off date are not allowable as per the 2014 Tariff Regulations and accordingly the same has been claimed as exclusions. Since



capitalization of spares after the cut-off date of the generating station is not allowed as part of the capital cost in terms of the 2014 Tariff Regulations, the Petitioner's claim for exclusion under this head is allowed.

*(b) De-capitalization of capital spares (not part of capital cost)*

15. The Petitioner has claimed exclusion of de-capitalization of capital spares of Rs.210.19 lakh in 2014-15 and Rs.343.34 lakh in 2015-16. In justification the Petitioner submitted that these capital spares do not form part of the capital cost and accordingly their de-capitalization has been claimed as exclusions. The Commission, in its various orders, had consistently allowed the exclusion of de-capitalization of assets not forming part of the admitted capital cost. Accordingly, the Petitioner's claim under this head is allowed.

*(c) Loan FERV*

16. The Petitioner has claimed exclusion of loan FERV of Rs.2140.27 lakh in 2014-15, Rs.4185.16 lakh in 2015-16, (-) Rs.33.44 lakh in 2016-17, and (-) Rs.46.81 lakh in 2017-18. In justification for the same the Petitioner submitted that since the loan FERV is billed directly to the beneficiaries as per extant regulations, the same has been kept under exclusion. As the Petitioner is required to bill the claim for loan FERV directly on the beneficiaries, the Petitioner's claim under this head is allowed.

*(d) Inter-unit transfer of assets*

17. The Petitioner has claimed exclusion of (-) Rs.976.73 lakh in 2014-15, (-) Rs.3.73 lakh in 2016-17 and Rs.831.04 lakh in 2017-18, on account of inter-unit transfer of assets to/from the generating station. In justification of the same the Petitioner has submitted that temporary inter-unit transfer of assets is not allowed for the purpose of tariff and accordingly, the same has been kept under exclusion. The Commission, in its various orders, had consistently allowed the exclusion of both positive and negative



inter-unit transfer of assets of a temporary nature for the purpose of tariff. Accordingly, Petitioner's claim under this head is allowed.

*(e) Plant & Machinery*

18. The Petitioner has claimed exclusion of additional capital expenditure of Rs.69.04 lakh in 2014-15 pertaining to capitalization of Plant & Machinery. In justification for the same, the Petitioner has submitted that minor assets are not allowed after the cut-off date. Since capitalization of minor assets after the cut-off date of the generating station is not allowed as part of the capital cost, in terms of the 2014 Tariff Regulations, the Petitioner's claim for exclusion under this head is allowed.

*(f) Capitalization of MBOAs*

19. The Petitioner has claimed exclusion of additional capital expenditure of Rs.3.23 lakh in 2015-16 and Rs.0.71 lakh in 2017-18 pertaining to capitalization of MBOA's. In justification for the same, the Petitioner has submitted that minor assets are not allowed as per Regulations. Since capitalization of MBOA's after the cut-off date of the generating station is not allowed as part of the capital cost, in terms of the 2014 Tariff Regulations, the Petitioner's claim for exclusion under this head is allowed.

*(g) De-capitalization of MBOA's (forming part of capital cost)*

20. The Petitioner has claimed exclusion of de-capitalization of MBOA's, forming part of the admitted capital cost of the generating station for Rs.60.20 lakh in 2014-15, Rs.53.21 lakh in 2015-16, Rs.56.24 lakh in 2016-17, Rs.91.72 lakh in 2017-18 and Rs.75.49 lakh in 2018-19. In justification, the Petitioner has submitted that, as the capitalization of expenditure against these items are not allowed, their de-capitalization has been claimed as exclusions. Regulation 14(4) of the 2014 Tariff Regulations provides that in case of de-capitalization of assets, the original cost of such asset are



required to be removed from the admitted capital cost of the generating station. Accordingly, the exclusion claimed under this head is not allowed.

*(h) De-capitalization of Wagons (forming part of capital cost)*

21. The Petitioner has claimed exclusion of de-capitalization of Wagons, which form part of the admitted capital cost of the generating station for Rs.208.47 lakh in 2017-18. In justification for the same, the Petitioner has submitted that since the capitalization of these items are not allowed as replacement, their de-capitalization has been claimed as exclusion. Regulation 14(4) of the 2014 Tariff Regulations provides that in case of de-capitalization of assets, the original cost of such assets, are required to be removed from the admitted capital cost of the generating station. Accordingly, the exclusion claimed under this head is not allowed.

*(i) Reversal of liabilities*

22. The Petitioner has claimed exclusion of reversal of liabilities of (-) Rs.577.30 lakh in 2014-15, (-) Rs.440.92 lakh in 2015-16, (-) Rs.161.44 lakh in 2016-17, (-) Rs.12.44 lakh in 2017-18 and (-) Rs.55.26 lakh in 2018-19. In justification for the same, the Petitioner has submitted that since tariff is allowed on cash basis, the reversal of the liabilities has been kept under exclusion. Since tariff is allowed on cash basis, the Commission, in its various orders, had consistently allowed the exclusion of reversal of un-discharged liabilities for the purpose of tariff. Accordingly, the Petitioner's claim under this head is allowed.

*(j) Ind-AS Adjustment (Overhauling)*

23. As regards the expenditure on overhauling, the Petitioner has indicated an expenditure of Rs.1404.78 lakh in 2016-17, Rs.426.19 lakh in 2017-18 and Rs.559.08 in 2018-19, with corresponding negative entries of same amount, as IND-AS adjustment. As such, after adjustment, the net claim against overhauling reduces to



zero as per IGAAP. Considering the fact that the expenditure on overhauling form part of the normative expenditure, the accounting adjustment leading to zero expenditure is in order and does not impact the claim made by the Petitioner.

24. Based on above, the summary of exclusions allowed and disallowed for the 2014-19 tariff period is as under:

<i>(Rs. in lakh)</i>					
	2014-15	2015-16	2016-17	2017-18	2018-19
Capital spares	2291.56	1650.36	1237.76	425.94	483.19
De-capitalization of spares (not part of capital cost)	(-) 210.19	(-) 343.34	0.00	0.00	0.00
Loan FERV	2140.27	4185.16	(-) 33.44	(-) 46.81	0.00
Inter-unit transfer of assets	(-) 976.73	0.00	(-) 3.73	831.04	0.00
Plant and Machinery	69.04	0.00	0.00	0.00	0.00
Capitalization of Miscellaneous Bought Out Assets (MBOA)	0.00	3.23	0.00	0.71	0.00
Reversal of liabilities	(-) 577.30	(-) 440.92	(-) 161.44	(-) 12.44	(-) 55.26
<b>Total Exclusions allowed</b>	<b>2736.65</b>	<b>5054.49</b>	<b>1039.16</b>	<b>1198.45</b>	<b>427.93</b>
<b>Total Exclusions disallowed</b>	<b>(-) 60.20</b>	<b>(-) 53.21</b>	<b>(-) 56.24</b>	<b>(-) 300.19</b>	<b>(-) 75.49</b>

### **Additional Capital Expenditure**

25. The Petitioner, in Form-9A, has submitted the actual additional capital expenditure claimed for the 2014-19 tariff period, as under:

<i>(Rs. in lakh)</i>						
	Regulation	2014-15	2015-16	2016-17	2017-18	2018-19
<b>Already allowed items</b>						
Works FERV*	14(3)(v)	0.00	0.00	0.00	0.00	0.00
Ash Dyke raising work	14(3)(iv)	743.99	89.74	38.08	28.40	0.00
<b>New claims</b>						
Off-site Civil	14(3)(v)	1.38	1.63	0.00	8.42	3.51
SG Civil work	&	38.99	12.44	3.31	0.25	0.00
Turbine Generator – Civil	54	15.69	8.96	0.97	0.00	0.24
Land		0.00	8.03	9.33	1.75	42.73
400 KV S-Yard		8.90	0.00	0.00	0.00	0.00
Fire Detection and Protection System		24.93	0.00	0.00	0.00	44.51
Steam Generator		80.64	0.00	0.00	0.00	0.00
Township	14(3)(v)	13.36	72.04	63.02	0.00	1.02
Turbine Generator		1.44	0.00	0.00	0.00	0.00
Cabling		0.00	5.75	0.00	0.00	0.00



CPU		0.00	38.99	0.00	0.00	0.00
CT – Civil	14(3)(v)	0.00	0.05	0.00	0.00	0.00
Raw Water Reservoir *		0.00	0.00	0.00	0.00	0.00
Ash Handling plant	14(3)(iv)	6.31	2.83	0.58	0.00	0.00
Effluent Quality Monitoring System (EQMS)	14(3)(ii)	0.00	26.26	0.00	0.00	0.00
Continuous Emission Monitoring System (CEMS)		0.00	0.00	24.06	0.00	0.00
Civil work of Ash Dyke	14(3)(i)	0.00	0.00	0.00	19.68	0.00
Chimney		0.00	0.00	0.00	40.43	0.00
<b>De-capitalization</b>						
De-capitalization of spares (part of capital cost)	14(4)	(-) 44.42	(-) 36.35	(-) 115.42	(-) 262.20	(-) 245.47
<b>Additional capital expenditure claimed (before discharges of liabilities)</b>		891.20	# 228.73	23.92	(-) 163.27	(-) 153.46
Add: Discharge of Liabilities	14(3)(vi)	333.80	927.94	35.00	269.77	267.78
<b>Net Additional capital expenditure claimed (including discharges of liabilities)</b>		<b>1225.00</b>	<b>1156.68</b>	<b>58.92</b>	<b>106.50</b>	<b>114.32</b>

# Considering the sum of individual assets above this sum works out to Rs.230.37 lakh. Thus, sum of individual assets as claimed in Form-9A exceeds the Petitioner's claim, as detailed under paragraph 11 of this order, by Rs.1.63 lakh.

26. It is observed from the above, that the sum of individual assets as claimed in 2015-16 exceeds the Petitioner's claim based on the auditor certified reconciliation by Rs.1.63 lakh. Accordingly, this un-reconciled gap of Rs.1.63 lakh shall be deducted from the admissible additional capital expenditure for 2015-16. We now examine the actual additional capital expenditure claimed by the Petitioner for the 2014-19 tariff period as under:

(a) *Works ERV*

27. The Petitioner has not claimed any additional capital expenditure under this head during the 2014-19 tariff period, on cash basis. However, the claim during the said period is (-) Rs.117.47 lakh, on accrual basis. Since, the entire liability against these Works ERV is yet to be discharged, the claim on 'cash basis' is 'nil'. The Commission, in its various orders, had consistently considered and allowed package / works FERV for



the purpose of tariff. As the amount is un-discharged, the expenditure, allowable on 'cash basis' is 'nil' for the 2014-19 tariff period.

(b) *Ash Dyke raising work*

28. The Petitioner has claimed additional capital expenditure of Rs.743.99 lakh in 2014-15, Rs.89.74 lakh in 2015-16, Rs.38.08 lakh in 2016-17 and Rs.28.40 lakh in 2017-18 towards Ash Dyke raising work, under Regulation 14(3)(iv) of the 2014 Tariff Regulations, on cash basis. The corresponding un-discharged liabilities are Rs.49.48 lakh in 2014-15 and Rs.14.05 lakh in 2015-16 and the corresponding IDC amount is Rs.16.95 lakh in 2014-15. In justification of the same, the Petitioner has submitted that these claims on actual basis are against the work allowed on projected basis, in order dated 21.3.2017 in Petition No. 322/GT/2014. The Respondent, MPPMCL has objected to the capitalization under this head and has submitted that the Petitioner has not submitted any documentary evidence to show that the work is within the original scope of work. It has also submitted that the Petitioner has neither furnished any information of deferred liabilities nor any reason for withholding such payments. The Petitioner in its rejoinder has clarified that the Commission in its order dated 21.3.2017 had allowed the projected additional capital expenditure during the years 2014-15 and 2017-18 under Regulation 14(3)(iv) of the 2014 Tariff Regulations.

29. The matter has been considered. In our view, Ash Dyke raising work is a continuous process to be carried out from time to time, during the operating life of the plant, to ensure the successful running of the plant. It is noticed that as against the projected additional capital expenditure Rs.2617.00 lakh allowed, the Petitioner has claimed only Rs.900.21 lakh, on cash basis (after removal of un-discharged liabilities of Rs.63.53 lakh). Accordingly, the Petitioner's claim under this head is allowed.

